

PART II

GUIDANCE AND PROCEDURES

CHAPTER 8: STOCK COORDINATION REVIEWS

8.1 GENERAL

Department of Defense (DoD) policy mandates eliminating duplication in the management and logistic support of multi-used nonconsumable items. Navy guidance therefore prescribes that only one Inventory Manager (IM) be designated for each item of supply. To facilitate assignments for management, all Navy items identified by a National Stock Number (NSN) will be considered as items of supply and will be managed by Inventory Control Points (ICPs) under the Naval Supply Systems Command (NAVSUP) unless otherwise excluded under the criteria expressed in NAVSUPINST 4440.172 (Coordination of Material Item Transfers Between Navy Inventory Managers).

Stock Coordination is defined as the process whereby the Navy controls assignment of item management responsibility. Once initial cognizance is assigned, Stock Coordination Reviews are conducted annually to determine candidates for transfer, either from a Hardware Systems Command (HSC) to an ICP or, less frequently, from the ICP to the HSC. The overall intent is to transfer to an ICP those NSNs that no longer meet the HSC's retention criteria. A Stock Coordination Review meeting is convened to promote agreement among the HSC, NAVSUP, and the ICP on an official list of NSNs to be transferred to the ICP. A letter may substitute for a review if there are few candidates for transfer. Reverse migration will be accomplished, as needed, based on the same criteria.

NAVSUP is responsible for overall stock coordination policy and guidance. However, as discussed in Chapter 1, selected items or equipment categories will be assigned to NAVSEA Systems Command management. NAVSUP Code 4B administers the Navy Stock Coordination Program, participates in the Stock Coordination Reviews, and coordinates their scheduling with SEA 04L1.

8.2 POLICY

During initial cataloging, or follow-on Stock Coordination Reviews (as appropriate), all NAVSEA material will be assigned a Retention or Supply Management Review Code (0-4) based on the following criteria:

<u>Code</u>	<u>Criteria</u>
0	<u>Withdrawal of Interest:</u> This code will generally be assigned to those items meeting the following conditions: assets in disposal or no assets; item is obsolete or obsolescent; no future procurement; no anticipated demands
1	<u>Research and Development:</u> Items qualifying under this category must be under development and not yet in Fleet operational use.
2	<u>Engineering Control Decisions:</u> This criterion is applicable when a high degree of engineering judgement is required relative to design, upgrade or maintenance. It pertains principally to those items requiring engineering decisions during production or prior to each issue.
3	<u>Unstable in Design:</u> This category includes items which are determined by an engineering decision to be highly subject to design change or replacement through modification of its next higher assembly. Items retained for management under this category will be transferred to an ICP after completion of two years operational use unless a major design change or modification has been approved or is being accomplished at the time of the annual Stock Coordination Review. Further retention after the approved design change or modification is completed must be justified in accordance with code (4).
4	<u>Items Assigned to a Single Command manager:</u> This code is limited to items of major importance. Inclusion in this category is a CNO decision based upon justification submitted by the originating command. Generally, items changed from codes (2) and (3) to this code will be transferred to an ICP for management even though the procurement function remains at the headquarters level. Items assigned under this criterion will be considered as an adjunct to Stock Coordination Review and, therefore, are not precluded from formal review.

8.3 RESPONSIBILITIES

a. SEA 04L1: Stock Coordination is a fairly extensive process. For IMs of NAVSEA material, SEA 04L1 is the focal point for coordination efforts and is responsible for directing program implementation, publishing NAVSEA policy and procedures, and providing status reports (as required). Throughout the process SEA 04L1 will perform the following specific functions:

(1) Arrange with NAVSUP, the NAVICP, appropriate Program Offices and NAVSEA IMs for review dates; establishes times and location for review of all scheduled items of equipment and publishes a formal schedule for all parties to the review.

(2) Chair the annual Stock Coordination Review meeting and prepares minutes from the meeting. For items meeting the technical approval for transfer, the minutes will include all the necessary data required to make a financial evaluation.

(3) Document those items agreed to be transferred and ensures Uniform Inventory Control Point Master Data File and related Automatic Data Processing systems are correctly coded.

(4) Coordinate effective item transfer dates, technical data requirements and contract administration with NAVSEA IMs and the NAVICP. All transfer items identified by the same cognizance symbol will normally be transferred on the same date.

(5) Within 45 days after the review, provide written documentation and rationale for item management assignments as discussed in the Stock Coordination Review meeting.

b. IMs of NAVSEA Material: NAVSEA IMs are responsible for both initial and follow-on retention coding in conjunction with cognizant equipment engineers. In addition, when items are slated for transfer, IMs must also coordinate transfer of requirement, asset, program and financial data to support analyses of the budgetary and material support impact of the proposed action. Specifically, IMs are required to:

(1) Assign the appropriate Retention Code for all NAVSEA items upon Navy Item Control Number/NSN assignment and maintain the correct Retention Code if the criteria changes.

(2) During Stock Coordination Reviews, screen the NSN list provided by SEA 04L1, via the NAVICP, and update the retention code for each stock number. The NSN Item List will include:

(a) NSN.

- (b) Approved item name.
- (c) Major organizational entity rule data.
- (d) Commercial and Government Entity (CAGE) code.
- (e) Manufacturer's part or drawing number.
- (f) Cognizance symbol.
- (g) Procurement and repair due-ins.
- (h) Designated Rework Depot or Designated Overhaul Point.
- (i) Installation data (quantity).
- (j) Validated on-hand quantities (serviceable, unserviceable).
- (k) Validated standard, replacement, net and repair prices.
- (l) Procurement and repair lead times.

(3) Develop technical and logistics documentation for each item to substantiate retention or facilitate transfer to the NAVICP.

(4) Provide candidates for the Stock Coordination Review, as appropriate.

c. NAVSEA Program Office Equipment Engineers:

(1) Review the NSN stock retention code list for accuracy, especially items coded for transfer.

(2) Assist NAVSEA IMs in developing rationale for items recommended for retention and attend scheduled reviews in support of analysis as required.

(3) As requested, assist NAVSEA IMs in development and collection of data necessary to justify stock retention decisions.

(4) Review results of the Stock Coordination Review and approve the list of items to be transferred. Determine with the NAVICP if any items should be transferred back to NAVSEA for management.

d. The NAVICP:

(1) Provide any required item listing, including the stock coordination retention item coding list, to NAVSEA 04L1 in sufficient time for evaluation by NAVSEA IMs and Program Office engineers prior to the scheduled Stock Coordination Review meeting.

(2) Review any list of transfer candidates, provided by NAVSEA 04L1 prior to the meeting, for individual item acceptance/rejection. Prepare justification for rejected items prior to the Stock Coordination Review meeting.

(3) Attend Stock Coordination Reviews.

(4) Approximately 120 days before the Effective Transfer Date (ETD), coordinate with NAVSEA IMs and NAVSEA 04L1 to ensure that appropriate change notice and cataloging actions are taken and that the Weapons System File's records, the Navy Fleet Material Support Office's files and the Defense Logistics Service Center's files are in agreement on the ETD. Note: Contract administration of transferred items, with pending delivery under NAVSEA contracts, will remain with NAVSEA Code 02 until contract completion.

8.4 **PROCESS:**

Figure 34 gives an overview of the general taskings and responsibilities associated with the annual Stock Coordination Review meetings. It is not all encompassing, however, and should be used only as a guide. NAVSUP Instruction 4440.172 (series) provides detailed direction.

STOCK COORDINATION REVIEW PROCESS

1. NAVSUP initiates the annual stock transfer review schedule by coordinating with SEA 04L1.
2. SEA 04L1 requests listings of NAVSEA managed stock numbers from NAVICP Code 05824 (in NSN sequence within Local Routing Code) and any additional or special lists before the Stock Coordination Review dates.
3. SEA 04L1 requests NAVSEA IMs/Program Offices review the listings and assign Retention Codes, as appropriate.
4. NAVSEA provides the NAVICP with the list of items coded for transfer, and publishes correspondence with location, date, and time of review meetings. Coordination, as necessary, is effected between NAVSUP, NAVICP, NAVSEA IMs and Program Offices and any Fleet representatives.
5. NAVICP reviews items identified by NAVSEA for transfer and prepares justification for those items that will not be accepted.
6. NAVSUP, NAVSEA, NAVICP and any Fleet representatives convene annually to discuss transfer candidates. SEA 04L1 will chair the Stock Coordination Review.
7. NAVSEA prepares minutes from the Review meeting and forwards a letter to NAVSUP requesting that action be taken to initiate transfer of approved items and to establish an effective transfer date.
8. NAVICP, in coordination with the NAVSEA IMs, prepares transfer transactions and ensures all applicable files are compatible on or before the transfer date. NAVICP also prepares justification for any rejected transfers.
9. NAVSEA ensures any necessary budget exhibits are properly prepared in a timely manner to ensure funds are correctly realigned at the transition date.

Figure 34